GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

STARRED QUESTION NO:327
ANSWERED ON:22.12.2008
PRICES OF COTTON
Shivanna Shri M;Thakkar Smt. Jayaben B.

Will the Minister of AGRICULTURE be pleased to state:

(a) whether worldwide increase in cotton production and economic slow down has depressed the prices of cotton in India thereby putting Indian cotton producing farmers in a difficult situation;

(b) if so, the details thereof; and

(c) the steps taken/being taken by the Government in this regard?

Answer

MINISTER OF AGRICULTURE (SHRI SHARAD PAWAR)

(a) to (c): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF LOK SABHA STARRED QUESTION NO. 327 DUE FOR REPLY ON 22ND DECEMBER, 2008.

(a) & (b): According to the International Cotton Advisory Committee's release on 3rd November, 2008, the global production of cotton during 2008-09 is estimated to be 24.74 million tonnes compared to 26.24 million tonnes in 2007-08. However, the world cotton consumption is expected to decline from 26.38 million tonnes in 2007-08 to 25.46 million tonnes in 2008-09 and exports from 8.34 million tonnes to 783 million tonnes due to economic slowdown. The reduction in demand has resulted in a decline in world prices of cotton from an average price of 77.09 US cents per pound (lb) in September, 2008 to 54.96 US cents per pound (lb) in November, 2008. With the arrival of new crop in India, although the prices have shown a declining trend in the past few months, these are observed to be higher than last year.

(c): Based on the recommendations of the Commission for Agricultural Costs & Prices and consultations with States and other stake-holders, the Minimum Support Price (MSP) for cotton were fixed by the Government of India for Fair Average Quality (FAQ) of Cotton for 2008-09 season at Rs.2500 per quintal and Rs.3000 per quintal for cotton of Staple Length of 24.5 to 25.5 mm and cotton staple length of 29.5 to 30.5 mm respectively. These are 38.9% and 47.8% higher respectively than the MSP fixed in 2007-08. Cotton Corporation of India (CCI) and NAFED have started procurement of Kapas at the MSP approved by the Government to ensure that the farmers receive reasonable price for their produce. In this regards, during the current marketing season, the CCI and NAFED have purchased 32.44 lakh bales and 1.21 lakh bales of cotton respectively up to December, 2008, at the MSP fixed by the Government.